

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Buchanan Production Company)	DIVISION OF GAS AND OIL
)	DOCKET NO. VGOB-92-12-15-0308
RELIEF SOUGHT: POOLING)	
)	
LOCATION: SEE EXHIBIT "A1")	
)	
UNIT NUMBER <u>N-3</u>)	
)	
IN THE OAKWOOD COALBED METHANE GAS FIELD II)	
)	
BUCHANAN COUNTY, VIRGINIA)	

NOTICE OF HEARING

HEARING DATE: December 15, 1992
PLACE: Southwest Virginia 4-H Center
Hillman Highway, Abingdon, Virginia 24210
TIME: 9:00 AM

COMMONWEALTH OF VIRGINIA: To all persons owning or claiming an interest in oil and gas, coalbed methane gas, coal or other minerals and to all other persons who have or claim to have an interest in the coalbed methane underlying and within Unit N-3, and the lands described on Exhibit "A" to the Application, which is attached to this Notice, in Buchanan County, Virginia (hereinafter "Subject Lands") and adjacent lands, and in particular to the following persons, their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote:

1) Vonda Gay (Looney) Slone & James Edward Slone

NOTICE IS HEREBY GIVEN that Applicant is requesting that the Virginia Gas and Oil Board (hereinafter "Board") issue an order amending the prior order issued with respect to this Unit in Docket No. VGOB 92-0915-0260 and pooling all the rights, interests, and estates of the above named persons pursuant to Virginia Code Ann. §45.1-361.1 et seq. in regard to the drilling, development and production of coalbed methane gas (including their interest in short hole gas, unsealed gob gas and gas from any increased density well) from drilling Unit N-3 containing approximately 80.0 acres, for all coal seams below the Tiller seam, including but not limited to the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2, and various unnamed seams and all associated strata (hereinafter "Subject Formation") as established by Order No. OGCB 90 dated May 18, 1990 and by the order to be entered in Case VGOB-91-1119-162. Applicant requests that the Board issue an order providing as follows:

- a. Pooling all the interests and estates of the persons named herein and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling, development and production of coalbed methane gas (including short hole gas, unsealed gob gas and gas from any increased density well) from the subject drilling unit for the Subject Formation underlying and comprised of the Subject Lands;
- b. With respect to coalbed methane gas in the subject drilling unit, Applicant requests that the Board establish a procedure whereby each person named herein shall have the right to elect (1) to assign or lease his interest in the subject drilling unit to the designated operator, (2) to enter into a voluntary agreement with the designated operator to share in the operation (including the sharing in all reasonable costs of development of the unit) at a rate of payment mutually agreed to by the person making the election hereunder and the designated operator herein or (3) to share in the operation of the well(s) and costs of production as a nonparticipating operator on a carried basis after the proceeds allocable to such persons's share equal the following:
 - In the case of a leased tract, 300 percent of the share of such costs allocable to such persons's interest; or
 - In the case of an unleased tract, 200 percent of the share of such costs allocable to such persons's interest,all determined by the Board;
- c. Providing that any person named herein who does not make a timely written election under the terms of the Order to be entered herein shall be deemed to have leased or assigned his coalbed methane gas interests (including short hole gas, unsealed gob gas and gas from any increased density well) in the subject drilling unit to the operator designated herein at a rate to be established by the Board;
- d. Designating OXY USA Inc., on behalf of Buchanan Production Company, as Unit Operator; providing that the operator shall have the right to drill, develop, produce, market and sell coalbed methane gas from the subject drilling unit; granting the operator the right to market and sell the coalbed methane gas from the subject drilling unit which is attributable to the conflicting claims and interests pooled herein; providing that the operator shall have an operator's lien on the coalbed methane gas estate and rights owned or claimed by the persons named herein in the subject drilling unit; and granting the operator the right to drill at any legal or specially permitted location on the subject drilling unit.
- e. Making any necessary provisions for the escrow of funds pursuant to Va. Code Ann. §45.1-361.21 and 361.22;
- f. Providing that the order to be entered herein shall expire one (1) year from the date of its issuance if operations on the subject drilling unit have not commenced by said date; but further providing that if operations have commenced during said one year period, then said order shall remain in effect for so long as operations continue on the subject drilling unit; However, in the event an appeal is taken from the order issued, the time between the mailing of the notice of appeal and the final order of the Circuit Court shall be excluded in calculating the one year period referred to herein.
- g. With respect to separately owned tracts and separately owned interests in the subject 80-acre drilling unit, joining all the interests within each 80-acre drilling unit for the production of coalbed methane gas (including short hole gas, unsealed gob gas and gas from any increased density well) so that each owner in an 80-acre drilling unit will share

in all production and costs therefrom regarding the 80-acre drilling unit in the proportion that the acreage owned by such owner bears to the entire acreage in that 80-acre drilling unit.

- h. Providing that operations under and in accordance with this order shall be regarded and considered as development, operations and production upon lands included within the subject 80-acre drilling unit and upon all lands included within the subject 80-acre drilling unit. Production from any well(s) drilled on, operated, or produced from any part of an

80-acre drilling unit or from any part of a longwall panel, no matter where located, shall for all purposes be regarded as production from each separately-owned tract within the subject 80-acre drilling unit and from each 80-acre drilling unit affected by a longwall panel. The portion of production produced from and attributed to any 80-acre drilling unit and any separately owned tract therein, shall be deemed for all purposes to have been actually produced from such drilling unit and tract, and development, exploration or production operations with respect to any 80-acre drilling unit shall be deemed for all purposes to be the conduct of such operations for the production of gas from each separately owned tract in said 80-acre unit, and from each 80-acre drilling unit affected by a long wall panel.

- i. Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence before the Board at 9:00 AM, on December 15, 1992, at the Southwest Virginia 4-H Center in Abingdon, Virginia, and that notice will be published as required by law and the rules of the Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. The Board rules require that any written objections you wish to file must be filed with the Board at least 10 days before the hearing. For further information, contact the Virginia Gas and Oil Board, State Oil and Gas Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P. O. Box 1416, Abingdon, Virginia 24210, 703/676-5423 or the Applicant at the address shown below.

DATED: November 12, 1992

BUCHANAN PRODUCTION COMPANY
APPLICANT

By Samuel E. Gordin
Glenn Vangolen, General Manager
Martin E. Wirth, Land Manager
Samuel E. Gordin, Regulatory Manager
Mid-Continent Region
P. O. Drawer Q
Richlands, Virginia 24641
703/964-9802

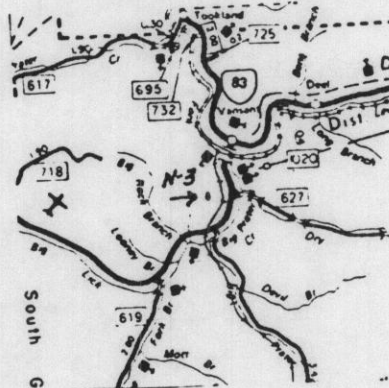
EXHIBIT "A1"
Description of the location of the land
which is subject of the hearing

RE: **VGOB-92-12-15-0308**

UNIT N-3

"Notice of Hearing"

- Represents approximate location
of Unit VGOB-92-12-15-0308



BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Buchanan Production Company)
DIVISION OF GAS AND OIL)
DOCKET NO.: VGOB-92-12-15-0308)
RELIEF SOUGHT: POOLING)
LOCATION: SEE EXHIBITS "A" AND "A1")
HEARING DATE: December 15, 1992)
UNIT NUMBER N-3)
IN THE OAKWOOD COALBED METHANE GAS FIELD, II)
BUCHANAN COUNTY, VIRGINIA)

APPLICATION

1. Parties: Applicant is Buchanan Production Company, P. O. Drawer Q, Richlands, Virginia 24641, 703/964-9802. Applicant's designated representatives are Glenn Vangolen, Martin E. Wirth, and Samuel E. Gordin whose address and telephone number are above stated. Respondents are listed on Exhibit "B", attached hereto and made a part hereof. Set forth in Exhibit "B" are the names and last-known addresses of each owner of record (who has not leased to or in writing agreed with Applicant or whose interest was not previously pooled by the order entered by the Virginia Gas and Oil Board in Docket No. VGOB 92-0915-0260) identified by the Applicant as having or claiming an interest in the coalbed methane gas underlying the drilling unit pooled herein. Each of the individuals named in Exhibit "B" if living, is made a party hereto. If any such individual is deceased, then the known and unknown heirs, executors, administrators, devisees, trustees and assigns, both immediate and remote, of any such deceased individual are made parties hereto. Each of the legal entities named in Exhibit "B", if such entity continues to have legal existence, is made a party hereto. If any such legal entity is dissolved, then the known and unknown successors, trustees, and assigns, both immediate and remote, of such entity are made parties hereto.

2. Facts:

- a. Applicant owns or claims to own oil and gas leases, coalbed methane gas leases, and/or coal leases and claims the right thereunder to explore for, develop and produce coalbed methane gas (including short hole gas, unsealed gob gas and gas from any increased density well) from all coal seams below the Tiller seam, including but not limited to the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2, and various unnamed seams and associated strata (hereinafter (Subject Formation") in Unit Number N-3 in Buchanan County, Virginia (hereinafter "Subject Lands"), which Subject Lands are more particularly described in Exhibit "A" attached hereto and made a part hereof. Said Exhibit "A" is a map certified by a licensed land surveyor or a licensed professional engineer showing the size and shape of the drilling unit to be pooled, as well as Applicant's interest in the subject drilling unit. Applicant attests to the fact that it believes said map conforms to existing orders issued by the Board.
- b. On Exhibits "A" and "B", Applicant has shown 1) the percentage of ownership in the drilling unit of each acreage (tract) being pooled, 2) the status of ownership of each acreage (tract) being pooled (including a description of the interest of each owner or claimant as disclosed by the examination of record title), i.e. whether leased to Applicant, leased to another person or unleased, and 3) the approximate percentage of interest in the drilling unit to be escrowed under Va. Code Ann. §45.1-361.21.D for each unidentifiable owner or claimant of a conflicting interest, if any.

- c. The Virginia Gas and Oil Board (hereinafter "Board") heretofore has established the following drilling units in the Oakwood Coalbed Gas Field I and Oakwood Coalbed Methane Gas Field II underlying and compromised of the Subject Lands:

<u>Pool & Formation</u>	<u>Unit Shape & Size</u>	<u>Permitted Well Location</u>	<u>Fields & Well Classifications</u>	<u>Order No. & Date</u>
All coal seams below the Tiller seam and associated strata down to the Red Shales	Approximately 80 acre square drilling units (more or less)	Any point within the drilling unit allowed by Order No. OGCB 90 and/or the order issued in VGOB-91-1119-162	Oakwood Coalbed Gas Field I & Oakwood Coalbed Methane Gas Field II (CBM) Wells including short hole gas gob gas and unsealed gob gas from any increased density well	Order issued by Va. Oil & Gas Conservation Board in Va. Oil & Gas Conservation Docket No. OGCB 90 on 5/18/90 and Order issued in VGOB-91-1119-162

- d. Applicant may permit one or more well bores on the subject lands for the production of coalbed methane gas from the subject formations.
- e. Applicant may drill and/or acquire a coalbed methane gas well(s) to an approximate depth of 2000 feet on the Subject Lands to test for coalbed methane gas in the Subject Formation. Applicant estimates the cost for the development contemplated by this application to be \$See Exhibit "C". Exhibit "C", attached hereto and made a part hereof, is Applicant's Estimate of Allowable Costs.
- f. The estimated total production from subject unit is 125 to 550 MMCF. The estimated amount of reserves from the subject drilling unit is 125 to 550 MMCF. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose. It should not be assumed that final production before plugging and abandonment will equal estimated reserves.
- g. Applicant has exercised diligence to locate each person owning or claiming an interest in coalbed methane gas in the subject drilling unit underlying the Subject Lands. It is necessary to prevent waste, to protect correlative rights and to ensure the safe and efficient development and production of gas and oil resources in the Commonwealth that the Board hear this matter and adjudicate the rights and equities as between Applicant and the herein named persons.
- h. Simultaneously with the filing of this application pursuant to Va. Code Ann. §45.1-361.19.A. Applicant is providing notice by certified mail, return receipt requested to each person (who has not leased to or in writing agreed with Applicant) having or claiming an interest in the coalbed methane gas, including short hole gas, unsealed gob gas and gas from increased density wells, underlying the Subject Lands pooled herein. Applicant hereby notifies Board that where the identity or location of any person is shown as "unknown" on Exhibit "B", then Applicant is unable to provide said person with written notice of the application herein.

- i. Applicant requests the Board establish an escrow account pursuant to Va. Code Ann. §45.1-361.22.A., into which the payment of costs or proceeds attributable to conflicting interests (to the extent they are subject to escrow) shall be deposited and held for the interests of the claimants. Applicant will submit a plan for the escrowing of such funds attributable to conflicting interests at the hearing herein.
 - j. This application regarding this Unit is necessary because the respondent named herein decided, after the hearing held before the Virginia Gas and Oil Board on July 21, 1992, in Docket No. VGOB 92-0915-0260, have asserted a claim to the coalbed methane gas under the said tract.
3. Legal Authority: Va. Code Ann. §45.1-361.1 et seq. V.R. 480-05-22.2 et seq. and such other regulations promulgated pursuant to law.
4. Relief Sought: Applicant requests the Board issue an order amending the order previously entered with respect to this Unit in Docket No. VGOB 92-0915-0260 and providing as follows:
 - a. Pooling all the interests of the persons named herein and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling, development and production of coalbed methane gas (including short hole gas, unsealed gob gas and gas from any increased density wells) from the subject drilling unit for the Subject Formation underlying and comprised of the Subject Lands;
 - b. Establishing the formula for division of interest for production, revenue and costs for the subject 80-acre drilling unit when affected by a long wall panel and for each separately owned tract in said unit as follows:
 1. For Short Hole Gas - The amount of production produced from and costs attributed to the subject unit shall be the ratio (expressed as a percentage) that the amount of acreage in the 80-acre drilling unit bears to the total acreage contained in the entire long wall panel(s) affecting said 80-acre drilling unit.
 2. For Unsealed Gob Gas - The amount of production produced from and costs attributed to the subject 80-acre drilling unit shall be the ratio (expressed as a percentage) that the amount of acreage in any affected 80-acre drilling unit bears to the total acreage contained in the entire long wall panel(s) affecting said 80-acre drilling unit.
 3. For Gas from Increased Density Wells - After actual commencement of coal mining operations, the amount of gas produced from and costs, to be attributed to the subject 80-acre drilling unit shall be the ratio (expressed as a percentage) that the acreage in the 80-acre drilling unit bears to the total acreage contained in the entire long wall panel(s) affecting said 80-acre drilling unit.

Prior to the actual commencement of coal mining operations, gas from an increased density well shall be deemed produced from only the 80-acre drilling unit in which the well is located.

Under the Board's order issued in VGOB-91-1119-162, the above stated division of interest for the subject drilling unit is shown on Exhibit "G" attached hereto and made a part hereof, which exhibit reflects the applicable mine plan for the 80-acre drilling unit which is the subject of this application.

- c. With respect to coalbed methane gas in the subject drilling unit (including short hole gas, unsealed gob gas and gas from any increased density well). Applicant requests that the Board establish a procedure whereby each person named herein shall have the right to elect (1) to assign or lease his interest in the subject drilling unit to the designated operator, (2) to enter into a voluntary agreement with the designated operator to share in the operation (including the sharing in all reasonable costs of development of the unit) at a rate of payment mutually agreed to by the person making the election hereunder and the designated operator herein or (3) to share in the operation of the well(s) and costs of production as a nonparticipating operator on a carried basis after the proceeds allocable to such persons's share equal the following:

In the case of a leased tract, 300 percent of the share of such costs allocable to such person's interest; or

In the case of an unleased tract, 200 percent, of the share of such costs allocable to such person's interest,

all as determined by the Board.


- d. Providing that any person named herein who does not make a timely written election under the terms of the Order to be entered herein shall be deemed to have leased or assigned his coalbed methane gas interests (including his interest in short hole gas, unsealed gob gas and gas from any increased density well) in the subject drilling unit to the operator designated herein at a rate to be established by the Board.
- e. Designating OXY USA Inc., on behalf of Buchanan Production Company, as Unit Operator; providing that the operator shall have the right to drill, develop, produce, market and sell coalbed methane gas (including short hole gas, unsealed gob gas and gas from any increased density well) from the subject drilling unit; granting the operator the right to market and sell the coalbed methane gas (including short hole gas, unsealed gob gas and gas from any increased density well) from the subject drilling unit which is attributable to the conflicting claims and interests pooled herein; providing that the operator shall have an operator's lien on the coalbed methane gas estate and rights owned or claimed by the persons named herein in the subject drilling unit; and granting the operator the right to drill at any legal or specially permitted location on the subject drilling unit.
- f. Making any necessary provisions for the escrow of funds pursuant to Va. Code Ann. §45.1-361.21 and 361.22.
- g. Providing that the order to be entered herein shall expire one (1) year from the date of its issuance if operations have not commenced by said date; but further providing that if operations have commenced during said one year period, then said order shall remain in effect for so long as

operations continue on the subject drilling unit. However, in the event an appeal is taken from the order issued, the time between the mailing of the notice of appeal and the final order of the Circuit Court shall be excluded in calculating the one year period referred to herein.

- h. With respect to separately owned tracts and separately owned interests in the subject 80-acre drilling unit, joining all the interests within each 80-acre drilling unit for the production of coalbed methane gas (including short hole gas, unsealed gob gas and gas from any increased density well) so that each owner in an 80-acre drilling unit will share in all production and costs regarding the 80-acre drilling unit in the proportion that the acreage owned by each owner bears to the entire acreage in that 80-acre unit.
- i. Providing that operations under and in accordance with this order shall be regarded and considered as development, operation and production upon lands included within the subject 80-acre drilling unit and upon all lands included within the subject 80-acre drilling unit affected by a long wall panel. Production from any well(s) drilled on, operated, or produced from any part of an 80-acre drilling unit or from any part of a longwall panel, no matter where located, shall for all purposes be regarded as production from each separately-owned tract within the subject 80-acre drilling unit and from each 80-acre drilling unit affected by a longwall panel. The portion of production produced from and attributed to any 80-acre drilling unit and any separately owned tract therein, shall be deemed for all purposes to have been actually produced from such drilling unit and tract, and development, exploration or production operations with respect to any 80-acre drilling unit shall be deemed for all purposes to be the conduct of such operations for the production of gas from each separately owned tract in said 80-acre unit, and from each 80-acre drilling unit affected by a longwall Panel.
- j. Providing that the Gas and Oil Inspector may, in his discretion, issue permit(s) for the well(s) contemplated by this application which allows the well(s) to be drilled in a specified direction other than the true vertical if the bottom of the well(s) to be permitted is within the boundaries of a longwall panel from which production and costs are being allocated to the unit pooled hereby.
- k. Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.
- l. Amending the order previously entered with respect to this Unit in Docket No. VGOB 92-0915-0260 to afford the respondent named herein her election rights and to fix her division of interest in the Unit.

Dated this 12 day of November, 1992.

BUCHANAN PRODUCTION COMPANY
APPLICANT

By 
Glenn Vangolen, General Manager
Martin E. Wirth, Land Manager
Samuel E. Gordin, Regulatory Manager
Mid-Continent Region
P. O. Drawer Q
Richlands, Virginia 24641
703/964-9802

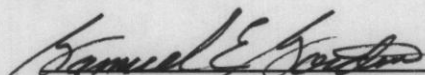
CERTIFICATE

I hereby certify pursuant to VR-480-05-22.2.3.E.2 that the foregoing Application is true and correct to the best of my knowledge, information and belief.

I hereby further certify that I am complying with the notice provisions of Va. Code Ann. § 45.1-361.19.A. and § 45.1-361.22 by simultaneously with the filing of this Application, providing notice by certified mail, return receipt requested to each coalbed methane gas owner or claimant (who has not leased to or in writing agreed with Applicant) shown on Exhibits "B" and "B1" and who are joined as parties Respondent to this Application.

Dated this 12 day of November, 1992.

Buchanan Production Company



Glenn Vangolen, General Manager
Martin E. Wirth, Land Manager
Samuel E. Gordin, Regulatory Manager
Mid-Continent Region
P.O. Drawer Q
Richlands, VA 24641
703/964-9802

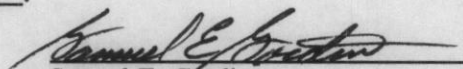
AFFIDAVIT OF DUE DILIGENCE

Pursuant to VR 480-05-22.2.3.B.2.A

Samuel E. Gordin, being first duly sworn on oath, deposes and says:

that your affiant is the Regulatory Manager of the Buchanan Production Company, office in Richlands, Virginia; that your affiant is familiar with the procedures employed by Buchanan Production Company, to locate persons who may be potential owners of coalbed methane in the Unit in question; and that your affiant is informed and believes that due diligence was exercised by the Applicant herein to locate all potential claimants and serve said potential claimants with the foregoing notice of hearing and application.

Dated this 12 day of November, 1992.

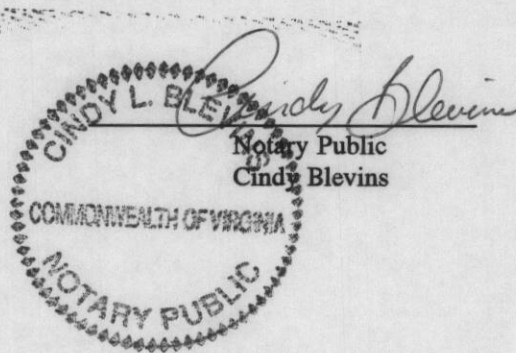

Samuel E. Gordin

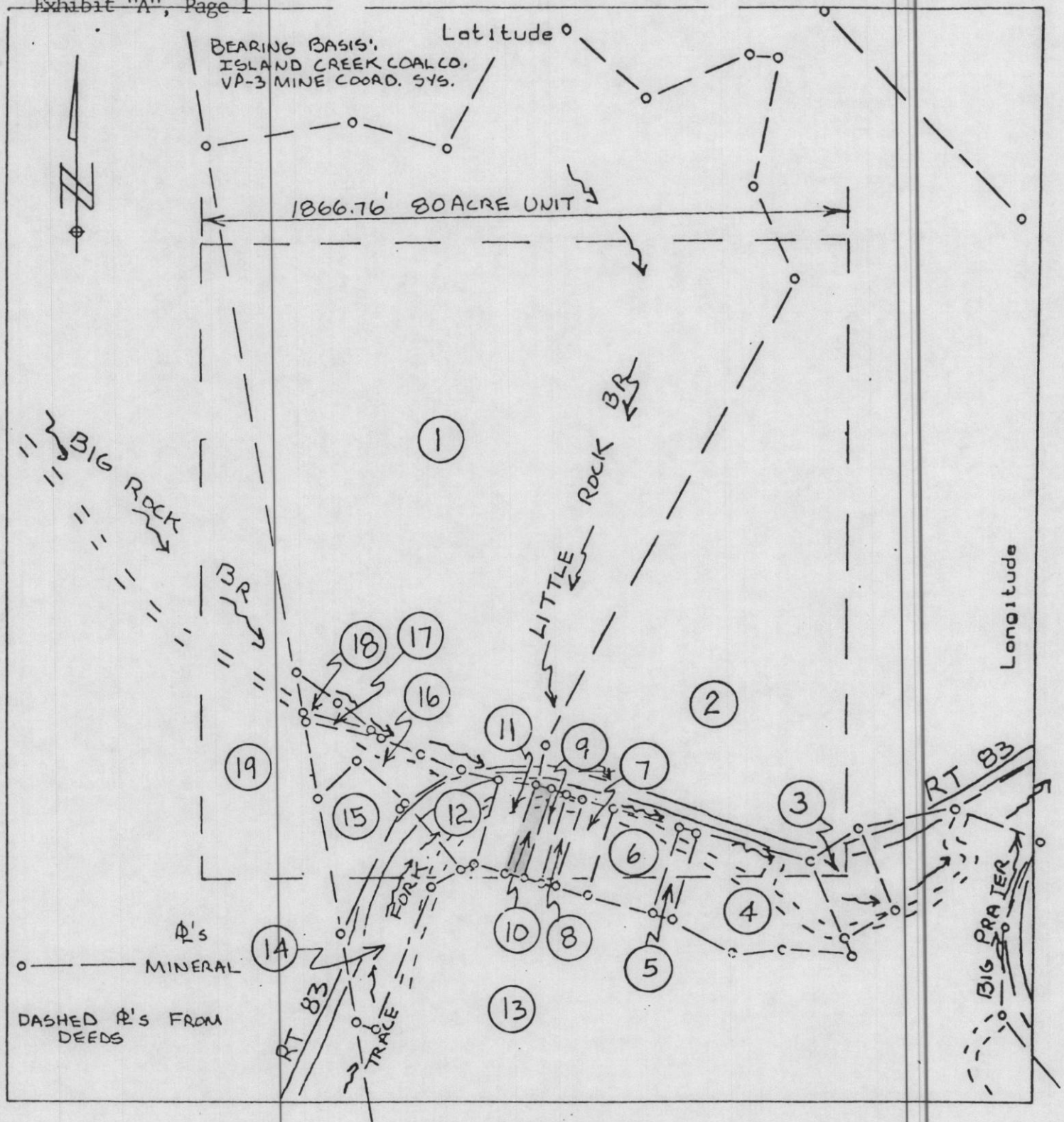
ACKNOWLEDGEMENT

STATE OF Virginia
COUNTY OF Tazewell

The foregoing instrument was acknowledged before me this 12th day of November, 1992, by Samuel E. Gordin.

My commission expires:
October 31, 1996





WELL LOCATION PLAT

Company OXY USA Inc. Well Name and Number UNIT N3
 Tract No. N/A Elevation N/A Quadrangle VANSANT
 County BUCHANAN District SOUTH GRUNDY Scale: 1" = 400' Date 7/10/92
 This Plat is a new plot ☒; an updated plot ☐; or a final location plot ☐
 + Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

D. R. Price
 Licensed Professional Engineer or Licensed Land Surveyor

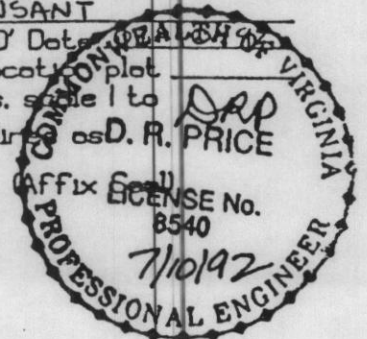


EXHIBIT "A", Page 2

Ownership information pertaining to N-3 unit.

1. Percent of coalbed methane rights owned or leased by applicant:

Coal Owner(s)

Gross Percentage

100%

Net Percentage

100.00%

Oil & Gas Owner(s)

Gross Percentage

100.00%

Net Percentage

99.575%

2. Percent of coalbed methane rights not leased to applicant:

Coal Owner(s)

Gross Percentage

0.00%

Net Percentage

0.00%

Oil & Gas Owner(s)

Gross Percentage

0.425%

Net Percentage

0.425%

3. Percentage of coal leased: 100.00%

4. Total interest to be pooled:

a. Coal interest; 0.00%

b. Oil & Gas interest; 0.425%

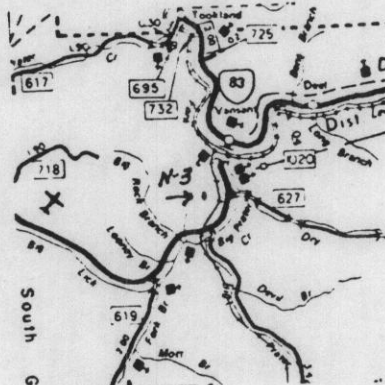
EXHIBIT "A1"
Description of the location of the land
which is subject of the hearing

RE: **VGOB-92-12-15-0308**

UNIT N-3

"Notice of Hearing"

- Represents approximate location
of Unit VGOB-92-12-15-0308



PARTIES RESPONDENT
EXHIBIT "B"
Unit No.: CBM N-3

supplement

RESPONDENT(S) WHO HAVE NOT LEASED OR OTHERWISE CONTRACTED WITH APPLICANT

	<u>Owner</u>	<u>Mineral Ownership</u>	<u>Net Acreage Within Unit</u>	<u>Undivided Net Interest Within Unit</u>
	Tract <u>10</u>			
1.	Vonda Gay (Looney) Slone & James Edward Slone P.O. Box 1113 Grundy, Virginia 24614-1113	Coal, Oil & Gas	0.34 ac	0.425%

EXHIBIT "B1"

Other persons entitled to notice under Va. Code Ann. § 45.1-361.19

	<u>Name</u>	<u>Status of Ownership</u>
1.	None.	

Applicant, has under lease or contract the Coalbed Methane Gas underlying the tract(s) within this unit from all other interest owners.

Estimate of Allowable Costs

Borehole Fee

\$

Equipment:

Title:

Title Opinion

\$76,000

Title Curative

15,200

Division Order Opinion

11,875

Survey

9,500

Regulatory:

State Permit Fee

\$

State Force Pooling Fee

100

Postage

450

Publication

800

Legal

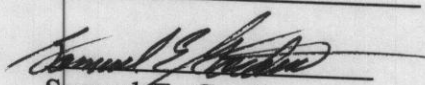
500

Total \$114,425


Date Prepared:

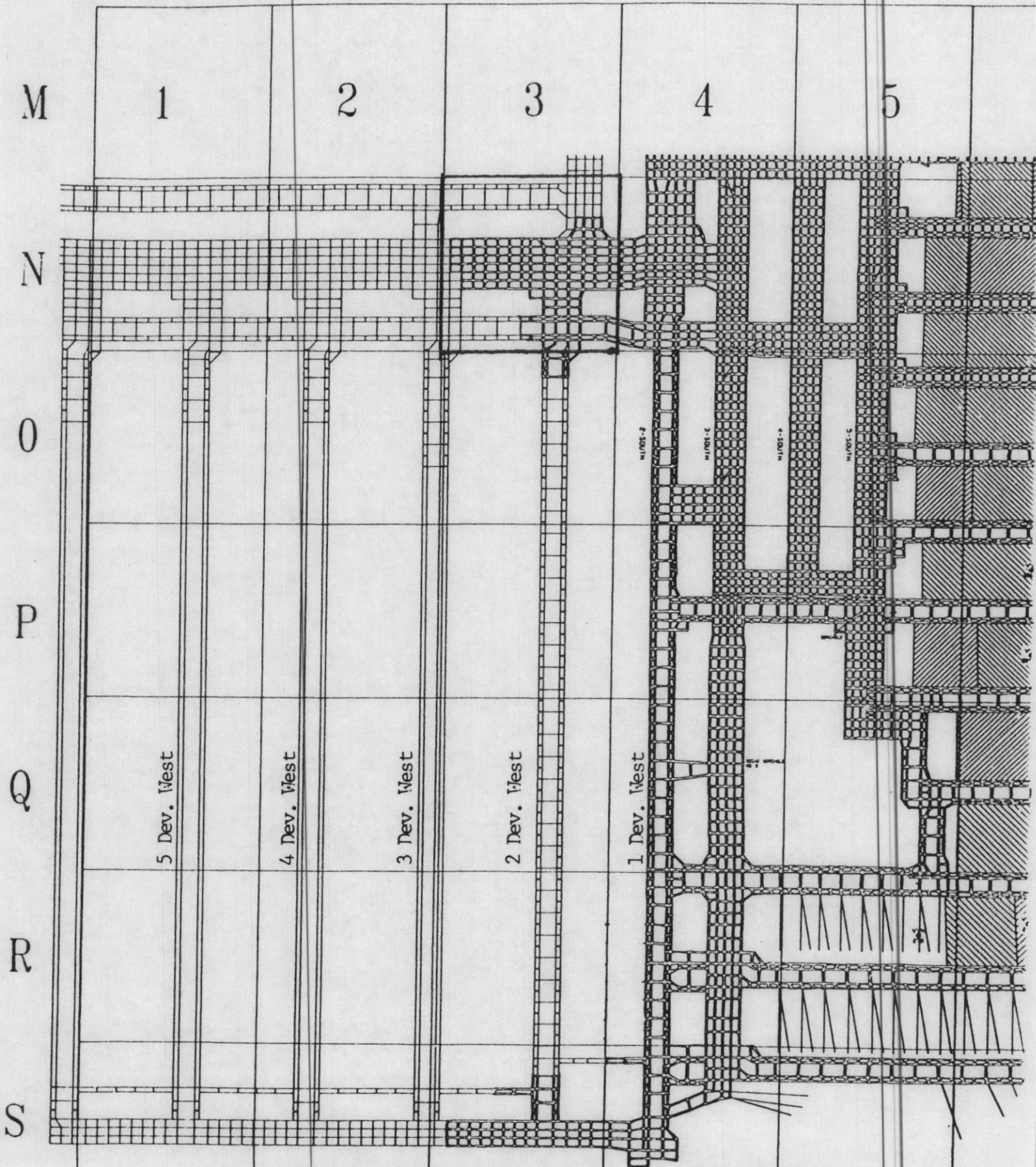
June 19, 1992

Prepared by:


Samuel E. Gordin

Reviewed

11-9-92 



VP-3 Shorthole

UNIT	1 Dev. West	2 Dev. West	3 Dev. West	4 Dev. West	5 Dev. West
N-4	0.636%				
N-3	0.794%	1.374%			
O-4	10.775%				
O-3	13.468%	23.335%			
P-4	10.775%				
P-3	13.468%	23.335%			
Q-4	10.775%				
Q-3	13.468%	23.335%			
R-4	10.775%				
R-3	13.468%	23.335%			
S-4	0.711%				
S-3	0.887%	5.286%			
N-2			1.374%	0.549%	
N-1				0.825%	1.374%
O-2			23.335%	9.334%	
O-1				14.001%	23.335%
P-2			23.335%	9.334%	
P-1				14.001%	23.335%
Q-2			23.335%	9.334%	
Q-1				14.001%	23.335%
R-2			23.335%	9.334%	
R-1				14.001%	23.335%
S-2			5.286%	2.114%	
S-1				3.172%	5.286%

<u>Unit</u>	
N-4	179,850
O-4	245,225
P-4	280,875
Q-4	162,000
R-4	142,500
S-4	<u>-0-</u>
Total	\$1,010,450

<u>Unit</u>	
N-3	114,725
O-3	233,375
P-3	172,000
Q-3	160,000
R-3	168,000
S-3	<u>29,500</u>
Total	\$ 877,600

1 Dev. West			Total Cost		
<u>Unit</u>	<u>% of Panel</u>		<u>of Panel</u>	=	<u>Unit Cost</u>
N-4	0.636%	x	\$1,010,450	=	6,427
N-3	0.794%	x	\$1,010,450	=	8,023
O-4	10.775%	x	\$1,010,450	=	108,876
O-3	13.468%	x	\$1,010,450	=	136,087
P-4	10.775%	x	\$1,010,450	=	108,876
P-3	13.468%	x	\$1,010,450	=	136,087
Q-4	10.775%	x	\$1,010,450	=	108,876
Q-3	13.468%	x	\$1,010,450	=	136,087
R-4	10.775%	x	\$1,010,450	=	108,876
R-3	13.468%	x	\$1,010,450	=	136,087
S-4	0.711%	x	\$1,010,450	=	7,185
S-3	0.887%	x	\$1,010,450	=	<u>8,963</u>
					\$1,010,450

2 Dev. West			Total Cost		
<u>Unit</u>	<u>% of Panel</u>		<u>of Panel</u>	=	<u>Unit Cost</u>
N-3	1.374%	x	\$877,600	=	12,058
O-3	23.335%	x	\$877,600	=	204,788
P-3	23.335%	x	\$877,600	=	204,788
Q-3	23.335%	x	\$877,600	=	204,788
R-3	23.335%	x	\$877,600	=	204,788
S-3	5.286%	x	\$877,600	=	<u>46,390</u>
					\$877,600

EXHIBIT "G", Page 4
VGOB-92-12-15-0308
FORMULA FOR DIVISION OF INTEREST

Unit N-3

NAME	NET% INTEREST IN UNIT *	UNIT% INTEREST IN PANEL **	PANEL INTEREST
Panel: 1 Dev. West			
Vonda Gay (Looney)	0.425%	0.794%	0.003%
Slone, et vir			
Panel: 2 Dev. West			
Vonda Gay (Looney)	0.425%	1.374%	0.006%
Slone, et vir			

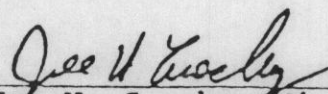
* FROM EXHIBIT "B"
 ** FROM EXHIBIT "G"

RESOLUTION OF THE MANAGEMENT COMMITTEE OF
BUCHANAN PRODUCTION COMPANY

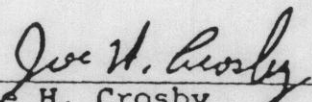
It is hereby resolved by the Management Committee that effective November 1, 1991, the authority to explore, develop, maintain the properties and assets of Buchanan Production Company now owned or hereafter acquired is hereby delegated to OXY USA Inc.

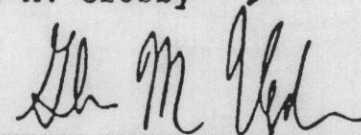
IN WITNESS WHEREOF, the undersigned have set forth their signature this 17th day of January, 1992.

OXY USA Inc.


Joe H. Crosby, Vice President
Mid-Continent Region

MANAGEMENT COMMITTEE OF
BUCHANAN PRODUCTION COMPANY


Joe H. Crosby


Glenn M. Vangolen


James R. Beckett

CONSENT TO APPOINTMENT AS DESIGNATED OPERATOR -- UNIT N-3

WHEREAS, Buchanan Production Company, a Virginia general partnership, has delegated to OXY USA Inc. the authority to explore, develop and maintain the properties and assets of Buchanan Production Company;

WHEREAS, OXY USA Inc. has accepted said delegation and has agreed to explore, develop and maintain the properties and assets of Buchanan Production Company;

WHEREAS, Buchanan Production Company has petitioned the Virginia Gas and Oil Board seeking the appointment of OXY USA Inc. as the coalbed methane gas well unit operator of Unit N-3;

NOW, THEREFORE, OXY USA Inc. does hereby consent to serve as coalbed methane gas well unit operator for Unit N-3, if appointed by the Virginia Gas and Oil Board, and to faithfully discharge the duties imposed upon it as unit operator by statute and regulation.

Dated at Richlands, Virginia, this 20 day of March, 1992.

OXY USA Inc.

By: Martin E. Wirth

Its: Martin E. Wirth
Project Land Manager